Checklist: Financial statements team assurance processes for supporting audit committee certification

Foreword

This checklist is an example of what a financial statements team/CFO might provide to the Audit Committee to provide assurance in regards to the financial statements process. It includes examples of actions that the financial statements team may take throughout the year to support the audit committees in meeting their financial statements certification responsibilities. The checklist should be tailored to meet the entity’s particular circumstances and actions completed.

The checklist would normally be applied on an annual basis, to align with the timing of the financial statements and annual report of the entity. This checklist could be completed in conjunction with the CFO checklist, and consideration given to using in place of CFO checklist.

A ‘no’ answer to the question/s in the checklist does not necessarily indicate a failure or breakdown in the entity’s financial statements processes but may indicate where more detailed discussion or consideration by the CFO, or with the audit committee through the CFO, is warranted.

Financial statements team assurance processes for supporting audit committee certification checklist

| **Financial statements team checklist item:** | **Actioned? (Yes/No)** |
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| ***Planning phase (September to April)*** |  |
| The project plan/schedule/risk assessments have been amended to reflect any relevant audit committee feedback from discussions with the CFO on ‘lessons learnt’ from the prior-year financial statements preparation process and the completion of the ANAO audit. |  |
| The financial statements team has briefed the audit committee on management’s response to any relevant audit committee or ANAO feedback on implementation plans for addressing any outstanding audit findings and identified audit adjustments from the prior-year. |  |
| The financial statements team has briefed the audit committee on any changes in the entity’s operations that may affect the financial statements, for example, new responsibilities, asset types or restructures. |  |
| The financial statements team has briefed the audit committee on any changes in accounting standards and FRR that may affect the financial statements in the current year. |  |
| The financial statements team has briefed the audit committee on the outcome of the review of the entity’s accounting policies and the appropriateness of the policies. |  |
| The financial statements team has briefed the audit committee on the proposed approach to materiality presented by the CFO for the preparation of the financial statements (overall and for specific items). |  |
| The financial statements team has briefed the audit committee on the proposed approach for actuarial, valuations or external advice/assistance and reflect feedback in project plan/schedule. |  |
| The financial statements team has confirmed that opportunities to remove unnecessary disclosures and improve financial statements presentation have been considered by the CFO and presented to the audit committee for consideration and endorsement and reflect feedback in project plan/schedule. |  |
| The financial statements team has briefed the audit committee on management’s response to any ANAO recommendations to the audit committee in its Audit Strategy Document for the year. |  |
| The financial statements team has briefed the audit committee on the CFO’s approach to managing risks to the completion of the financial statements e.g. risks associated with information from third parties, ICT data integrity etc. |  |
| The financial statements team has briefed the audit committee on the CFO’s approach to managing the risks of material misstatement, whether from fraud or error. |  |
| The financial statements team has briefed the audit committee on the CFO’s approach to obtaining, reviewing and investigating compliance certifications from line areas and external parties (including shared services providers). |  |
| The CFO has briefed the audit committee on instances of non-compliance identified as part of the entity’s processes for periodically assessing the entity’s compliance with the PGPA framework. |  |
| The financial statements team has briefed the audit committee on management’s response to any relevant audit committee feedback about fraud risks at the entity, the governance approach in relation to fraud prevention, detection and reporting in the entity and its knowledge of any actual, suspected or alleged fraud affecting the entity, with the ANAO. |  |
| The financial statements team has briefed the audit committee on the CFO’s progress made to address ANAO recommendations, particularly those that may have financial statement implications. |  |
| The financial statements team has briefed the audit committee on management’s response to any audit committee feedback on the timetable for the preparation of the financial statements and completion of the ANAO audit. |  |
| The financial statements team has briefed the audit committee on management’s response to any audit committee feedback on the project schedule (particularly about quality assurance reviews of data, to enable the financial statements to be prepared in accordance with requirement and agreed timeframes). |  |
| ***Preparation phase (May to June)*** |  |
| The CFO has briefed the audit committee and other management representatives on any significant changes since the planning phase, including on the implications of these for the financial statements. |  |
| The financial statements team has briefed the audit committee on management’s response on internal audit and ANAO audit findings arising during the year and its satisfaction with implications for the financial statements. |  |
| The CFO has briefed the audit committee on any significant changes to short or long term resource requirements and responded to any feedback on concerns about the sufficiency of resources to prepare the financial statements. |  |
| ***Production Phase (July to September)*** |  |
| The CFO has briefed the audit committee on the outcome of reviews of compliance certifications from line areas and external parties (including shared services providers) since the preparation phase and responded to audit committee feedback on its satisfaction with any implications for the financial statements on actual breaches of the PGPA framework. |  |
| **CFO has provided appropriate written assurance in relation to the following:** |  |
| * Proper financial accounts and records being maintained by the entity |  |
| * Internal controls being sufficiently robust to prevent detect or correct material error and fraud |  |
| * Financial management and related systems having operated effectively during the year |  |
| * Adequate quality control arrangements being in place as part of the financial statement preparation process |  |
| * The completeness and accuracy of information from other parties to complete the financial statements |  |
| * The adequacy of documentation supporting the financial statements, including lead schedules for every financial statement line item and note disclosure |  |
| * Consideration of guidance on entity financial reporting issued by Finance |  |
| * Consistency of the application of approved accounting policies throughout the financial statements |  |
| * The application of approved materiality thresholds in the preparation of the financial statements |  |
| * The correction of all material misstatements in the financial statements |  |
| * Confirmation that all immaterial misstatements found have been discussed with the ANAO |  |
| * Confirmation that all known or suspected instances of fraud or legal non-compliance have been advised to the ANAO |  |
| * Confirmation that all recommendations from the ANAO have been actioned, or the reasons for not agreeing with the recommendations, advised to the audit committee |  |
| * Certification that the financial statements materially comply with Australian Accounting Standards (AAS) and the Financial Reporting Rule (FRR), and |  |
| * Certification that the financial statements present fairly the financial performance, financial position and cash flows of the entity. |  |
| **The financial statements team has submitted the draft financial statements and supporting documentation that confirms:** |  |
| * The financial statements comply with the accounting standards and the FRR |  |
| * The entity’s accounting policies and disclosures, including any significant changes to accounting policies, are appropriate |  |
| * There is an adequate explanation for all significant or unusual transactions, and |  |
| * The response to the ANAO’s conclusion on the adequacy of the entity’s processes for the preparation of the financial statements. |  |
| The financial statements team has addressed the audit committee feedback to the CFO on any significant events that have occurred since the end of the financial year that may need to be disclosed in the financial statements. |  |
| The financial statements team has addressed the audit committee feedback of the draft management representation letters and its satisfaction with the processes underpinning the statements in the management representation letters. |  |
| The financial statements team has addressed the audit committee recommendations, from any private meetings between the audit committee and the ANAO to discuss the outcomes of the audit process. |  |
| The financial statements team has responded to any audit committee concerns raised with the accountable authority with respect to certification of the financial statements. |  |
| The financial statements team has established appropriate arrangements to ensure that the financial statements included in the annual report are consistent with the audited and signed version. |  |